

What is the Best Way to Procure Transportation?

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ISSUE

- What procurement method is better – Far or Tender?

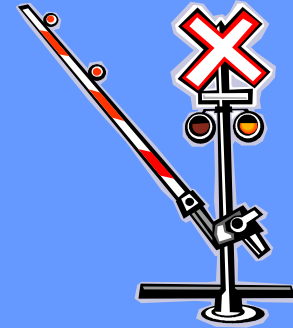


Current Environment



- Estimate of Government Transportation
 - 80% Tender
 - 20% FAR
- Of \$18B expended approximately 75% is in trucking

History of Tenders



- The original authority – RR Land Grants of the 1860s
- Since then:
 - 49 U.S.C. 10721 (Railroads)
 - 49 U.S.C. 13712 (Trucking)
 - 49 U.S.C. 15504 (Pipelines)
- Separate legal basis for using tenders based on Carrier/TSP economics that do not require Service Contract Act compliance.
- 3 Parts of 49 U.S.C. must be amended to remove this separate legal authority

Tenders are Critical to Household Goods and LTL Trucking

- Do not require compliance with the Service Contract Act
- Two Critical area/or burden
 - Labor costs issues could add as much as 20% more to costs
 - Administrative costs would create burden and increase costs





Basic Comparison's

- Standard Govt Contract
- Legally binding from Signature
- Obligates Govt spending for contract competitive pricing
- Service Contract Act/Title 5 applies
- Stipulates legal action
- No legally specified financial offset
- Written financial penalties
- Locks agencies, TSPs into length of contract
- Can force TSP to take freight
- TSP receives freight during disputes
- Request for offers, under set of rules
- Legally binding per shipment
- Obligates Govt per shipment
- Competitive pricing
- Service Contract Act/Title 5 not applicable
- Less room for protests, suits, etc.
- Legally specified financial offsets
- No written financial penalties
- Does not lock-in
- Cannot force TSP to take freight
- Do not have to use any TSP in dispute

Why Two Systems?

- Two separate systems
- Are not duplicates
- Serve different purposes
- Affect different modes

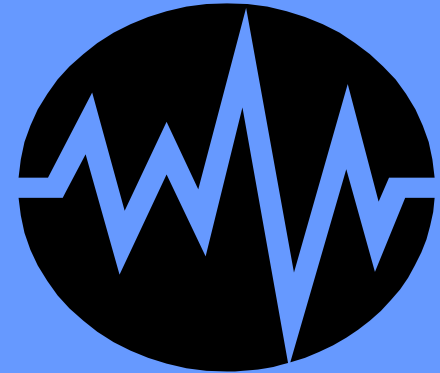


Why do Agencies Use one System Over the Other???



- Convenience?
- Habit?
- Or.....

So..... Must I Use One or the Other?



- Both the FAR and Tender Systems are available for transportation procurement
- Each has a separate valid reason for use
- Both provide benefits and flexibility to best serve agency missions
- **BOTTOM LINE:**
- Transportation Managers must evaluate against agency needs

THANK YOU

check out our web sites:

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<http://www.GSA.gov/transportationpolicy>